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AUTHOR Lyddy, James P.
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ABSTRACT

Private colleges and universities are now under pressure from many directions. The potential benefits of statewide planning agencies in building cooperation between the public and private sectors of higher education are examined. This compendium of suggestions for finding alternatives to often wasteful competitive relationships is drawn from a doctoral dissertation. It is suggested that the 1202 Commissions offer a potential mechanism for aiding both private institutions which continue to prosper and those which are struggling to remain viable by meeting new educational needs through a redefinition of their goals and operating assumptions.
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Statewide Planning and the ~~Public~~ PRIVATE Sector

Private colleges and universities are now under pressure from many directions. In the following article, James P. Lyddy, assistant director for university development, Georgetown University, explores the potential benefits of statewide planning agencies in building cooperation between the public and private sectors of higher education. This compendium of suggestions for finding alternatives to often wasteful competitive relationships is drawn from his doctoral dissertation, "Statewide Planning and Coordination of Post-Secondary Education: Relationship to Private, Non-Profit Post-Secondary Educational Institutions," recently accepted at The Catholic University. Lyddy suggests that the 1202 Commissions offer a potential mechanism for aiding both those private institutions which continue to prosper and those which are struggling to remain viable by meeting new educational needs through a redefinition of their goals and operating assumptions.

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The penalties for the neglect of careful planning are now appearing in many of our daily routines. In the past, we have not foreseen the consequences of many decisions taken in such essential areas as energy, land use, and education. Perhaps the most obvious results of the poor planning of education were soaring costs and the "edifice complex" on campuses during the 1960's, which contributed greatly to widening the credibility gap between the higher education community and the American public. Today, inter-institutional planning, particularly on the statewide level, is an essential means to regain the interest and the confidence of the public in higher education; it is also a prerequisite in achieving the goal of providing equal access to education for all who can profit from it.

For statewide planning to be comprehensive, it must not solely involve the statewide system as traditionally defined—public institutions only. As states begin to include all postsecondary education in their planning efforts, potential advantages of cooperation between the public and private sectors may become more generally recognized.

1202 Commissions and Fears of Federal Control

When the Education Amendments were signed into law in June 1972, much discussion centered around student aid, institutional aid and research, and sex discrimination. Categorized usually under "other issues" was comprehensive statewide planning. Yet the post-secondary education community was quite aware of the potential significance of those agencies which came to be known as the "1202 Commissions." Once alerted to their potential, the circulation of an initial draft of guidelines by the U.S. Office of Education created the beginnings of controversy. That is, many felt that federal involvement in traditional state functions would be excessively intrusive, especially by specifying the representation and power of these commissions.

The effect of the creation of "broadly and equitably representative" state planning commissions became a potentially serious political issue in state capitals and postsecondary educational institutions throughout the country. Speculation on the powers of the 1202 Commissions included the possibility of their encompassing all federal programs pertaining to post-secondary education. Dr. Ralph K. Huitt, executive director of the National Association of Land Grant Colleges and State Universities, summed up the prevailing attitude saying, "There's much concern about what these commissions will ultimately become. Many people in our association now feel this was potentially the most important section in that big law they [Congress] passed last summer."[1]

In spite of the widespread controversy and confusion that resulted from passage of the Education Amendments and the small amount of money appropriated for participation in federal programs, the postsecondary education community now generally

seems optimistic about the future of planning and coordination through establishing 1202 Commissions. That a larger than anticipated number of states and territories have designated 1202 Commissions is evidence of this positive attitude.

Participation of the Private Sector

Although regulations or guidelines have not been promulgated by the U.S. Office of Education, each state is given the responsibility for interpreting the law. Even so, the language of Section 1202 specifies that all sectors, including private institutions, are to be fully represented on these commissions. Therefore, it followed that the planning functions of the commissions would be shared by private institutions as well as public.

Prior to the adoption of the Education Amendments of 1972, annual reports from the states usually included philosophical rationales for making the private sector an integral part of statewide planning, but few states specified a plan for actual involvement. Section 1202 of these Amendments helped to eliminate this rhetoric by explicitly providing in the law for representation of the private sector on these state planning commissions. However, this did not mean that those in the private sector were overjoyed about the establishment of such planning commissions.

Some states found it necessary to include in their guidelines assurances to the private institutions that their independence would be preserved, acknowledging that the needs of society are best served through the maintenance of an autonomous structure, permitting private institutions to engage in relatively risky innovations. (The fact that private institutions not only provide diversity in a state's post-secondary educational system, but also control valuable physical resources has been an additional factor increasingly recognized by state legislators.)

As the competition for tax dollars continues to increase in the state legislatures, both the private and public sectors are recognizing the need to develop consortia or other cooperative arrangements between them to gain access to these monies. Today as many as thirty-nine states make public funds available to private higher educational institutions.

If one agrees with the assumption of the desirability of maintaining the private sector of higher education, it becoms important to examine how these institutions interact with the state systems of postsecondary education. With serious financial problems facing all forms of education, with increasing demands on federal and state revenues, and with the level of population beginning to stabilize, the planning of total current and anticipated educational resources of all institutions is becoming both viable and necessary.

As private institutions are attempting to convince legislators that they too are committed to enhancing the general welfare, a new paradoxical relationship of competition and cooperation between public and private sectors has developed. This is the background for the current uncertainty of many private institutios about their proper role in the comprehensive statewide planning process and their relationship to the 1202 Commissions.

While the unique histories, traditions, and political circumstances of each state prevent the development of a rigid universal model relationship between private institutions and state planning commissions, certain concepts should be seriously considered as fundamental to this relationship. In relation to private nonprofit higher educational institutions state planning commissions should:

1. **Explore all avenues of cooperation between public and private sectors.** Helping public and private sectors to cooperate should be a basic function of state planning commissions, especially at a time when economic factors strongly encourage all steps to maximize existing resources.

2. **Build a comprehensive data base including information on the students, programs and facilities of the public and private sectors.** A data base for all statewide postsecondary education is essential for effective planning and optimal use of resources. Without such information only assumptions and opinions exist. Planning for either sector requires data for both.

3. **Encourage each private institution to develop a clear statement of its role and scope.** This should be part of the master planning process and is of significant importance if the institution is to fulfill its mission and live within its resources.

4. **Encourage the continuing development of strong, diversified sectors of public and private institutions.** If one agrees that the private sector has a definite and unique role which should be preserved, it should be the responsibility of a single state agency to help demonstrate that a diverse dual educational system is essential to serve the public interest.

5. **Make available to public and private institutions appropriate nonconfidential data to assist in effective cooperation in postsecondary educational planning.** All basic planning data should be shared if a state planning commission is to truly serve society. Furthermore, a state "system" implies that all data should be available to all segments.

6. **Maintain liaison with private institutions with or without a specific legislative mandate to do so.** Comprehensive statewide planning can be achieved only if the private institutions and the state planning agency communicate easily with each other. While some state traditions require formal relations with private institutions through legislative mandates, other states are more inclined to encourage voluntary relationships.

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7. **Encourage initiatives from the state planning commissions toward private institutions.** Most educators dedicated to a truly comprehensive statewide system of postsecondary education agree that the state should initiate the communicating process. By encouraging a voluntary relationship with the private institutions, the state is taking an active role toward maximizing the use of total educational resources within its boundaries.

8. **Provide for needed consultation among all appropriate postsecondary educational institutions, public and private, before major planning decisions are made.** Sound planning requires that all segments of postsecondary education be consulted before decisions concerning the public interest are made. Consultation among all appropriate parties is an essential means of increasing inter-institutional cooperation, leading eventually to full participation and involvement of private institutions in the planning activities of the entire statewide postsecondary educational system.

9. **Treat the public and private sectors equitably in its deliberations and decisions.** Equity or fairness is a complex ideal and is too often defined in simplistic terms. In fact, many interpret equity to mean equally. However, equal treatment of institutions of different sizes, objectives, goals, is not a universal solution.

Four Strategies to Achieve Cooperation

- In order to find solutions for the many problems confronting all private higher education, the common problems should be clearly defined. Private institutions within each state should continue to help each other by identifying and solving problems through the staff and facilities of the National Council of Independent Colleges and Universities. This Washington-based association might broaden its involvement in the area of comprehensive statewide planning.

Moreover, all private institutions should embark on a candid public relations policy which admits problem areas for which solutions are not readily available. In addition to relating accurate data to the public when it is requested, private institutions should adopt procedures for providing the state legislatures with appropriate information and recommendations for future legislative action.

- The private institutions in each state should take advantage of the 1202 Commission structure and strive to express their concerns to this agency. For example, efforts should be made to achieve consensus among a state's private institutions concerning specific issues. The potential gain achieved by demonstrating solid agreement through a credible spokesman for the private sector would be a great improvement over the usual fragmented responses. In order to do this, at least one person at each private college should be designated to follow appropriate local and national developments affecting comprehensive statewide planning. Private institutions collectively and individually should keep informed about all activities of the planning commission of their state. Since the major responsibility of this agency is to achieve broad representation in comprehensive statewide planning for postsecondary education, it is crucial for private institutions to be concerned with the agency's authority, membership, functions, and objectives. Although Congress has yet to fund the activities at a significant level, the potential of the 1202 Commissions is substantial. Congress is watching the states carefully during this first year of operation, and the private institutions should not avoid their responsibility to participate fully in what one official in the U.S. Office of Education has called "the 1202 experiment."

- Private institutions should demonstrate initiative in working with 1202 Commissions, doing their share in working toward a harmonious and cooperative relationship with the public sector. The pursuit of totally independent goals would continue to waste resources and duplicate programs.

In turn, the 1202 Commissions should provide the necesary forum for articulating the needs and concerns of the private sector. These state planning agencies exist because cooperation and coordinated planning are concepts whose time has arrived out of economic necessity; the mechanism for implementing these goals now exists in the 1202 Commissions.

- Private institutions should continue to state their case for direct and indirect subsidies to private institutions from the states. The private sector must play an important role in solving the basic question : why should the state provide financial assistance to private colleges and universities while at the same time allowing these institutions to maintain their traditional independence? There are at least three different answers to this question: 1) the value of preserving a pluralistic system of higher education; 2) the expense to the state if compelled to build facilties to accommodate students in private institutions; and 3) the differing effects of inflation on public and private institutions.

The Case for Preserving Private Higher Education

Pluralism or diversity involves not only the varying ways of financing or governing institutions, but also the variety of postsecondary educational needs of the citizenry. As a result, the argument in favor of state aid for private institutions should be based on the advantages of maintaining different types of institutions which help to provide a range of programs, goals, sizes, sponsorships, religions, philosophical and social environments. In his popular book, *To Turn The Tide*, Paul C. Reinert, S.J. said:

One of the most important values of our private sector is that it safeguards against a monopolistic higher education system. Its diversity of financial support provides pluralism of control. Independent it stands as a countervailing power to protect the public sector and precludes domination of higher education by any interest group or by government.

The financial savings to a state's taxpayers are substantial when compared to the number of dollars that would have to be expended by the state if the private institutions in that state ceased operations. Public institutions have often not acknowledged this factor because of continuing friction between the public and private sectors.

The economics of inflation do not affect public colleges in the same way they affect the private institutions. Cost increases from year to year are absorbed by private institutions and then partially passed on to the individual students through tuition increases. The dangerous alternative is to sacrifice the quality of education offered. Similar cost increases incurred by the public institutions are not necessarily passed on to the individual students. Public institutions are usually able to obtain appropriations from the state legislatures which include provisions for inflationary cost increases.

Thus, assuming there is value in maintaining a viable private sector and that cost increases in private institutions, if transformed into continuously rising tuition fees, will eventually threaten their existence, the state has an obligation to subsidize private institutions. If private institutions receive public money, they will be expected to be held accountable at least for the use of those funds. However, some feel that even this accountability is not essential, particularly if the private institutions are working closely with the public sector in cooperation and coordination of programs.

Private institutions can begin to exercise leadership in defining their relationship with state planning commissions:

- Private institutions should show the initiative in cooperating with the state regarding new degree programs.
- They should demonstrate a sincere desire to work with the community in which they are located.
- The private sector should pursue the development of innovative methods of research and data analysis which will augment the state's understanding of private higher education.
- They should openly demonstrate their responsibility and willingness to be accountable to the state for use of public funds.
- Private institutions must exercise leadership in convincing the state legislature that they are valuable resources to the state, and, as a result, need purposeful public policies to ensure their survival.

As private institutions specify their role, scope and mission in serving the citizens of the state, state governments will begin to perceive that investment in preserving their existence is a legitimate state function.

The concept of the 1202 Commissions was received with much reservation at the outset. But, now, with a sincere attempt on the part of the U.S. Office of Education to support these agencies as an exciting possibilty for increased communication between all segments of postsecondary education, the possibilities of preserving our dual system are greatly enhanced.

While some educators are of the opinion that coperation between the public and private sectors is sought from self-interested motives, there is little doubt that the essential ingredient for true cooperation is a mutual respect for the integrity of both sectors.

Although the essential elements for citing today's and forecasting tomorrow's relationship between private institutions and 1202 Commissions need to be determined, the fact remains that all relationships are generated by people. While group dynamics and individual prejudices sometimes weigh heavily on policy formulation, the advent of state planning commissions should provide a basis for a renewed optimism that both private and public sectors can develop a more trusting relationship with each other, and that the individual chicanery and jealousies will be ills of the past.

Each of our fifty states is truly unique and thus has different problems in its relationships to the private sector. Perhaps with increased mutual confidence and understanding on the part of public and private institutions and state planning commissions, all will profit from the increased dialogue made possible by 1202 Commissions.

—James P. Lyddy

[1]William Delaney, " 'Sleeper' Law Alarms Colleges," *Washington Star-News*, Jan. 8, 1973, sec. D, p. 4.